

The Retailers' Occupation Tax does not apply to farm machinery and equipment that is used or leased for use primarily (over 50% of the time) in production agriculture or for use in State or federal agricultural programs. See 86 Ill. Adm. Code 130.305. (This is a GIL).

October 18, 1999

Dear Ms. Xxxxx:

This letter is in response to your letter dated September 24, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

WE ARE A BUSINESS IN (STATE) THAT WOULD LIKE TO SELL TO FARMERS IN ILLINOIS. WE WOULD DELIVER TO THE FARMER IN ILLINOIS. WE SELL CATTLE OILERS, CATTLE HANDLING EQUIPMENT (I.E. CATTLE PANELS, CHUTES, GATES, SCALES.), AND CATTLE INSECTICIDE FOR THE OILERS. WE ARE WONDERING HOW WE ARE TO HANDLE ILLINOIS SALES TAX IF WE START. IF THE FARMER SIGNS A TAX EXEMPT FORM WOULD ALL THESE BE TAX EXEMPT? PLEASE GET BACK TO US AS SOON AS POSSIBLE IN WRITING AS WE WOULD LIKE TO START SOON BUT WE NEED TO DO THE PAPERWORK RIGHT. DO WE ALSO HAVE TO BE REGISTERED IN YOUR STATE?

The Retailers' Occupation Tax does not apply to farm machinery and equipment that is used or leased for use primarily (over 50% of the time) in production agriculture or for use in State or federal agricultural programs. For your information, we have enclosed a copy of 86 Ill. Adm. Code 130.305, which are the Department's regulations for "Farm Machinery and Equipment." The definition of "production agriculture" is set forth under subsection (b) of the regulation and states as follows:

"Production agriculture is the raising of or the propagation of: Livestock, crops for sale for human consumption; crops for livestock consumption; and production seed stock grown for the propagation of feed grains and the husbandry of animals or, for the purpose of providing a food product, including the husbandry of blood stock as a main source of providing a food product. Production Agriculture also includes animal husbandry, floriculture, aquaculture, horticulture, and viticulture. (Section 2-35 of the Act)"

Please also note that the type of item is not the only consideration in determining whether or not it will qualify for the exemption. Whether a specific item qualifies for the exemption depends also on how the item will be used by the

ST 99-0317-GIL  
Page 2  
October 18, 1999

purchaser. Consumable supplies generally do not qualify for the exemption. See subsection (k) of the enclosed copy of 86 Ill. Adm. Code 130.305.

Please note that purchasers that claim the farm machinery and equipment exemption are required to provide the certification or blanket certification described in subsection (m) of Section 130.305.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis  
Associate Counsel

MAJ:msk  
Enc.